Management Discussion and Analysis

Queen's Wharf Brisbane

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for FY2021 was approximately HK$5.9 billion, a decrease of 20.2% as compared with FY2020, driven primarily by (i) the lower revenue from property development due to less completions and (ii) the adverse impact of the COVID-19 outbreak on the hotel, car park and gaming operations. Gross profit (before depreciation of hotel and car park assets) ("adjusted gross profit") came in at HK$2.2 billion, as compared with HK$2.6 billion for FY2020. A breakdown of the Group's revenue and gross profit is set out below:

	Property development HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Gaming operations HK$'000	Others HK$'000	Total HK$'000
FY2021						
Revenue	**4,226,066**	**888,958**	**502,195**	**87,811**[i]	**238,664**	**5,943,694**
Gross profit	**1,525,059**	**106,312**	**(4,413)**	**9,573**	**204,952**	**1,841,483**
Depreciation	**–**	**290,709**[ii]	**32,941**[ii]	**11,219**	**–**	**334,869**
Adjusted gross profit	**1,525,059**	**397,021**	**28,528**	**20,792**	**204,952**	**2,176,352**
Adjusted gross profit margin	**36.1%**	**44.7%**	**5.7%**	**23.7%**	**85.9%**	**36.6%**
FY2020						
Revenue	4,834,976	1,345,534	759,782	271,223[i]	239,089	7,450,604
Gross profit	1,404,126	402,320	100,776	146,282	205,848	2,259,352
Depreciation	–	322,352[ii]	28,015[ii]	14,160	–	364,527
Adjusted gross profit	1,404,126	724,672	128,791	160,442	205,848	2,623,879
Adjusted gross profit margin	29.0%	53.9%	17.0%	59.2%	86.1%	35.2%

Notes:

(i) After deduction of gaming tax amounting to HK$37 million (FY2020: HK$89 million).

(ii) Excludes depreciation of leased properties under HKFRS 16.

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Revenue from sales of properties amounted to approximately HK$4,226 million in FY2021, a decrease of 12.6% as compared with FY2020. Major contributors to the revenues were the revenue recognized from West Side Place (Towers 1 and 2) in Melbourne, Artra in Singapore and the remaining inventory from our Hong Kong, Shanghai and Guangzhou projects. Gross profit of approximately HK$1,525 million was recorded during FY2021, representing a 8.6% year-on-year increase, as a result of the delivery of West Side Place (Towers 1 and 2) and Artra which had of higher gross profit margin.

Impacted by the significant drop in tourism and business traffic globally since early 2020, revenue from hotel operations and management dropped 33.9% as compared with last year to approximately HK$889 million in FY2021. Adjusted gross profit margin for the Group's hotel operations dropped to 44.7% in FY2021 from 53.9% in FY2020, resulting from the reduction in overall hotel ARR and OCC across the world.

Revenue from car park operations and facilities management recorded a material reduction of 33.9% year-on-year to HK$502 million in FY2021, mainly due to lockdowns and the related travel restrictions imposed by relevant governments. Adjusted gross profit of approximately HK$29 million was recorded for FY2021, a 77.8% drop year-on-year.

Revenue from gaming operations decreased year-on-year by 67.6% to approximately HK$88 million (net of gaming tax) in FY2021. The lower revenue was primarily driven by the temporary closure of casinos announced by the Czech Republic government from April to June 2020 and the nil dividend received on The Star shares attributable to FY2021.

The Group's overall performance in FY2021 was hampered by the outbreak of COVID-19 since the early of 2020. The Group's recurring income businesses have particularly suffered as a result of the travel restrictions worldwide followed by various degrees of business closures. Some of the Group's hotels and gaming operations were forced to close temporarily which inevitably impacted the Group's recurring income businesses. However, the Group managed to be profitable with the profit attributable to shareholders of the Company standing at approximately HK$543 million for FY2021, an increase of 48.5% as compared with HK$366 million for FY2020.

Adjusted cash profit[i] was approximately HK$722 million for FY2021, a decrease of 14.3% from HK$842 million recorded for FY2020.

Note:

(i) Adjusted cash profit is calculated by adjusting for fair value changes in investment properties and by adding depreciation and amortisation charges to net profit attributable to shareholders. The amounts are adjusted for minority interests.

The view from West Side Place, Melbourne

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily monetizable nature), bank loans and borrowings, obligations under finance leases, and equity as at 31 March 2021.

Consolidated statement of financial position	**As at 31 March 2021 HK$ million**	As at 31 March 2020 HK$ million
Bank loans, notes and bonds		
Due within 1 year[i]	**12,274**	6,506
Due 1–2 years	**5,939**	8,297
Due 2–5 years	**6,581**	8,264
Due more than 5 years	**2,783**	393
Total bank loans, notes and bonds	**27,577**	23,460
Investment securities	**4,143**	3,027
Bank and cash balances[ii]	**4,426**	3,040
Liquidity position	**8,569**	6,067
Net debts[iii]	**19,008**	17,393
Carrying amount of the total equity[iv]	**17,054**	14,314
Add: hotel revaluation surplus	**17,550**	16,348
Total adjusted equity	**34,604**	30,662
Net gearing ratio (net debts to total adjusted equity)	**54.9%**	56.7%
Net debts to total adjusted assets[v]	**28.2%**	29.9%

Notes:

(i) Includes an amount of approximately HK$1,153 million which is reflected as liabilities due within one year even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

(ii) The amount represents total restricted bank deposits, deposit in a financial institution, and bank balances and cash.

(iii) Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

(iv) Includes perpetual capital notes.

(v) Total adjusted assets include revaluation surplus on hotel assets.

To better manage the Group's liquidity position, the Group's treasury operation allocates a portion of its cash position to marketable and liquid investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed-income securities and investments in fixed-income funds, the investment in the listed shares of The Star, which the Group intends to hold for the long term, as well as the investment in notes issued by the trusts which hold the mortgage portfolio managed by BCG, an entity 52.03% owned by the Group.

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The liquidity position of the Group as at 31 March 2021 was approximately HK$8.6 billion. The Group's total adjusted equity as at 31 March 2021 was approximately HK$34,604 million, adjusting for the unrecognised hotel revaluation surplus of approximately HK$17,550 million, which is based on independent valuations assessed as at 31 March 2021, and including the perpetual capital notes. The net gearing ratio of the Group fell to 54.9% as at 31 March 2021 from 56.7% as at 31 March 2020.

	As at 31 March 2021 HK$ million	As at 31 March 2020 HK$ million
The Company's notes	**5,219**	3,548
Unsecured bank loans	**3,554**	3,380
Secured bank loans		
– Property development and investment	**8,966**	7,589
– Hotel operations and management	**8,153**	7,292
– Car park operations and facilities management	**738**	629
– Gaming operations	**94**	93
– Others	**853**	929
Total bank loans, notes and bonds	**27,577**	23,460

During the FY2021, the Group continued to manage its financial position prudently. We (i) issued 10-year notes for a principal amount of HK$200 million at 5.15% coupon, 12.25-year notes for a principal amount of HK$200 million at 5.25% coupon and 3-year notes for a principal amount of US$235 million at 5.10% coupon; (ii) entered into a facility agreement with a group of banks for a 3-year unsecured term loan facility of HK$1,500 million; (iii) repurchased an aggregate principal amount of US$22 million of 3.75% notes due 2021 and 4.5% notes due 2023 and completed a tender offer of approximately US$50 million of our 3.75% note due 2021; and (iv) refinanced and repaid approximately HK$2,558 million of construction loans for Hong Kong, Australia and Singapore. The Group will continue to adopt a conservative approach to maintain a flexible and solid financial position.

Living Room, Aspen at Consort Place, London


Queen's Wharf, Brisbane

As at 31 March 2021, the Group's undrawn banking facilities stood at approximately HK$5.2 billion. Of this amount, approximately HK$2.3 billion is associated to construction/development facilities while the balance of approximately HK$2.9 billion is for the Group's general corporate use. The unutilized banking facilities, together with presales to be recognised from the Group's upcoming property development projects, place the Group in a solid financial position to fund not only its existing business and operations but also its expansion going forward.

In addition, a total of 8 hotel assets were unencumbered as at 31 March 2021, the capital value of which amounted to HK$3.9 billion based on independent valuations assessed as at 31 March 2021. The Group has other assets unencumbered such as unsold residential units, retail assets and commercial assets. These assets can be used as collateral for further bank borrowings which could provide additional liquidity for the Group, should this be necessary.

3. Foreign exchange management

In FY2021, the contribution from the Group's non-Hong Kong operations was positively influenced by the movement of foreign currencies against the Hong Kong dollar. The table below sets forth the exchange rates of the Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate	**As at 31 March 2021**	As at 31 March 2020	Change
HK$/AUD	**5.90**	4.78	23.4%
HK$/RMB	**1.18**	1.09	8.3%
HK$/MYR	**1.87**	1.79	4.5%
HK$/GBP	**10.66**	9.57	11.4%
HK$/CZK	**0.35**	0.31	12.9%
HK$/SGD	**5.77**	5.44	6.1%

The rebound in all currencies against the Hong Kong dollar has had a very positive effect on the value of our net assets and our adjusted equity.

4. Net asset value per share

	As at 31 March 2021 HK$ million	As at 31 March 2020 HK$ million
Equity attributable to shareholders of the Company	**13,797**	11,119
Add: Hotel revaluation surplus	**17,550**	16,348
Total net asset value	**31,347**	27,467
Number of shares issued (million)	**2,395**	2,369
Net asset value per share	**HK$13.09**	HK$11.59

Adjusting for the revaluation surplus on hotel assets of approximately HK$17,550 million, based on independent valuations assessed as at 31 March 2021, the net asset value attributable to shareholders was approximately HK$31,347 million. Net asset value per share for the Company as at 31 March 2021 was approximately HK$13.09.

5. Capital expenditures

The Group's capital expenditures consisted of expenditures for acquisitions, development and refurbishment of hotel properties, plant and equipment and investment properties.

During FY2021, the Group's capital expenditures amounted to approximately HK$728 million, primarily attributable to the Dorsett Melbourne and the Ritz-Carlton Melbourne in the West Side Place development, the ongoing capital expenditures in relation to our hotels across Australia. The capital expenditures were funded through a combination of borrowings and internal resources.

Given COVID-19, we have reviewed closely each of our projects and all significant capital expenditures. In some cases, we have put on hold or delayed slightly the timing of these expenditures where we felt it was consistent with the operating environment.

6. Capital commitments

The Group continued to review very closely its capital commitments and to seek to optimise its investments and outgoings. It also has put more energy in reviewing its asset portfolio to identify potential assets ripe for disposal.

	As at 31 March 2021 HK$ million	As at 31 March 2020 HK$ million
Capital expenditures contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**865**	1,187
Commitment to provide credit facility to BCG	**214**	94
Others	**14**	17
	1,093	1,298

BUSINESS REVIEW

1. Property division

The Group's property division includes property development and property investment.

Property development

The Group has a diversified portfolio of residential property developments in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on the mass residential market. Our strong regional diversification reduces volatility and allows us to take advantage of different property cycles. To carry out property development in the various markets, the Group has established strong local teams in each of these markets. Our local presence allows the Group to identify trends and source the most attractive opportunities. The Group is also actively looking to work with property owners for redevelopment opportunities, an example of which is the partnership with The Star. These land acquisition strategies have resulted in a relatively low land cost base for the Group's development projects and little capital kept idle in a land banking strategy.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$13.8 billion as at 31 March 2021, an increase of HK$1.6 billion or 13.0% compared with 31 March 2020. Most presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed. The following table sets out a breakdown of the Group's total cumulative attributable presales value of residential properties under development as at 31 March 2021.

Developments	Location	Attributable presales HK$ million	Actual/ Expected financial year of completion
West Side Place (Towers 1 and 2)	Melbourne	2,878[i]	FY2021/FY2022
West Side Place (Tower 3)	Melbourne	2,540	FY2024
West Side Place (Tower 4)	Melbourne	2,680	FY2024
Queen's Wharf Residences (Tower 4)	Brisbane	1,451	FY2024
Perth Hub	Perth	564	FY2022
The Star Residences (Tower 1)	Gold Coast	473	FY2023
The Star Residences – Epsilon (Tower 2)	Gold Coast	397	FY2024
Aspen at Consort Place	London	1,079	FY2025
Hornsey Town Hall	London	343	FY2022
MeadowSide (Plots 2 and 3)	Manchester	585	FY2022
MeadowSide (Plot 5)	Manchester	421	FY2022
New Cross Central	Manchester	173	FY2023
Victoria Riverside	Manchester	47	FY2023
Hyll on Holland	Singapore	63	FY2024
Cuscaden Reserve	Singapore	12	FY2024
Dorsett Place Waterfront Subang	Subang Jaya	128	FY2023
Total		13,834	

Note:

(i) Excludes contracted presales already recognized as revenue up to 31 March 2021.

As at 31 March 2021, the expected attributable GDV of the Group's active residential property development projects under various stages of development across the regions was approximately HK$55.6 billion.

Details of the Group's current pipeline are shown below:

Developments	Attributable saleable floor area[i] Sq. ft.	Expected Attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Pipeline developments				
Melbourne				
West Side Place				
– Towers 1 and 2	631,000	3,226	Completed by stage	FY2021/FY2022
– Tower 3	518,000	2,669	Launched	FY2024
– Tower 4	621,000	3,173	Launched	FY2024
Bourke Street	595,000	2,762	FY2022	FY2024
Perth				
Perth Hub	230,000	919	Launched	FY2022
Brisbane				
Queen's Wharf Residences[iii]				
– Tower 4	253,000	1,735	Launched	FY2024
– Tower 5	269,000	1,846	Planning	Planning
– Tower 6	269,000	1,846	Planning	Planning

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Developments	Attributable saleable floor area[i] Sq. ft.	Expected Attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Gold Coast				
The Star Residences[iv]				
– Tower 1	111,000	531	Launched	FY2023
– Tower 2 – Epsilon	109,000	619	Launched	FY2024
– Towers 3 to 5	374,000	2,122	Planning	Planning
Hong Kong				
Mount Arcadia	84,000	1,678	FY2022	FY2022
London				
Aspen at Consort Place	377,000	4,421	Launched	FY2025
Hornsey Town Hall	108,000	1,009	Launched	FY2022
Ensign House	270,000	2,629	Planning	Planning
Manchester				
MeadowSide				
– Plots 2 and 3	220,000	985	Launched	FY2022
– Plot 5	99,000	427	Launched	FY2022
– Plot 4	238,000	1,141	Planning	Planning
Victoria North[v]				
– New Cross Central	62,000	269	Launched	FY2023
– Victoria Riverside	458,000	2,143	Launched	FY2023
– Network Rail	1,532,000	6,124	Planning	Planning
– Others	1,202,000	4,679	Planning	Planning
Singapore				
Hyll on Holland[vi]	192,000	3,158	Launched	FY2024
Cuscaden Reserve[vii]	16,000	363	Launched	FY2024
Malaysia				
Dorsett Place Waterfront Subang[viii]	525,000	1,009	Launched	FY2023
Total developments pipeline as at 31 March 2021	**9,363,000**	**51,483**		
Completed developments available for sale				
Perth				
The Towers at Elizabeth Quay	94,000	771		
Shanghai				
King's Manor	23,000	154		
The Royal Crest II	22,000	157		
District 17A	18,000	102		
Guangzhou				
Royal Riverside	111,000	411		

Developments	Attributable saleable floor area[i] Sq. ft.	Expected Attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Malaysia				
Dorsett Bukit Bintang	28,000	133		
Hong Kong				
Marin Point	56,000	593		
Manor Parc	48,000	603		
The Garrison	400	10		
Others	1,000	36		
Singapore				
21 Anderson Road	86,000	1,126		
Total completed developments available for sale as at 31 March 2021	**487,400**	**4,096**		
Total pipeline and completed developments available for sale as at 31 March 2021	**9,850,400**	**55,579**		

Notes:

(i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.

(ii) The amounts represent expected GDV attributable to the Group, which may change subject to market conditions.

(iii) This residential development consists of a total GFA of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(iv) The Group has 33.3% interest in these developments.

(v) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Victoria North, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.

(vi) Total saleable floor area of this development is approximately 241,000 sq. ft.. The Group has 80% interest in the development.

(vii) Total saleable floor area of this development is approximately 160,000 sq. ft.. The Group has 10% interest in the development.

(viii) Total saleable floor area of this development is approximately 1,050,000 sq. ft.. The Group has 50% interest in the development.

The Group signed a memorandum of understanding with Sainsbury's to redevelop the 4.62-acre site of Sainsbury's existing store at Whitechapel in East London. Located within the London Borough of Tower Hamlets and adjacent to Whitechapel Road, the Whitechapel Square proposal will incorporate a new flagship Sainsbury's supermarket, a significant number of residential units, retail space for local businesses and landscaped public space.

In addition to the above, the Group has entered into a memorandum of understanding with the partners of Destination Brisbane Consortium to develop three further towers at The Star's casino site in Gold Coast, which will further contribute to the residential pipeline of the Group upon receiving planning approval and signing of definitive agreements.

Property investment

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore and Australia. In FY2021, a fair value gain on investment properties of approximately HK$383 million was recorded. This was attributable primarily to the revaluation gain from the Wuhan mall (see below) which was offset by revaluation losses elsewhere due to weak market conditions globally. As at 31 March 2021, the valuation of investment properties was approximately HK$8.2 billion (31 March 2020: HK$7.2 billion).

In FY2021, the Group entered into a new 18-year lease contract with a flagship sports goods retailer for its Wuhan mall located in the heart of downtown Wuhan. The 18-year lease commencing in October 2020 comprises seven floors with a total retail area of approximately 312,000 sq. ft.. Yearly rental payments will amount to approximately HK$50 million, with a 8.0% step-up every three years. This new lease is approximately 100% higher than the previous equivalent rent received and has led to a revaluation gain of the Wuhan mall of approximately RMB300 million or HK$341 million.

The Group acquired a site at Baoshan District in 2019 in Shanghai which is adjacent to another parcel of land acquired in 2018. These two sites are intended to be developed altogether into a few blocks of residential units to be leased out for recurring income.

In addition, the Group acquired in 2019 a commercial plot in Kai Tak, Hong Kong. Apart from a flagship Dorsett hotel comprising of approximately 400 rooms, the Group intends to develop some office and retail space with approximately 195,000 sq. ft. in GFA. Construction is in progress and financing is in place for this project.

Australia

Melbourne

West Side Place is a mixed-use residential development located in the CBD of Melbourne. The project is comprised of approximately 3,000 apartments spreading over 4 towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$11.5 billion.

West Side Place, Melbourne

The development consists of two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz-Carlton with approximately 250 hotel rooms located at the top of Tower 1. All four towers have been launched for presales as of FY2019. Towers 1 and 2 comprise a total of 1,377 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK$5.6 billion. The lower levels of Towers 1 and 2 were completed in FY2021. The handover process started in August 2020 and is expected to continue by phase in FY2022. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.7 billion. HK$2.5 billion worth of units were presold as at 31 March 2021 and is expected to be completed in FY2024. Tower 4 comprises 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK$3.2 billion. HK$2.7 billion worth of units were presold as at 31 March 2021 and is expected to be completed in FY2024. With the strong presales recorded for this development, the Group is expected to have significant cash flow and earnings in the coming few years.

Following the successful launch of the various stages of West Side Place, the Group has replenished its pipeline in Melbourne by securing a development site on 640 Bourke Street, which is in Melbourne CBD near the West Side Place development. The property has obtained approval to be redeveloped into a residential project with a total saleable floor area of approximately 595,000 sq. ft. and is expected to provide approximately 876 residential units. Presales of this development is expected to be launched in FY2022, with completion of the development expected to be in FY2024.

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Perth

The Towers at Elizabeth Quay is a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in saleable floor area of residential apartments, a luxury Ritz-Carlton hotel of 205 rooms opened in November 2019 and some commercial and retail space as well as other ancillary facilities. As at 31 March 2021, the expected GDV of the remaining apartments available for sales was HK$771 million.


The Towers at Elizabeth Quay, Perth

The Perth City Link is a large project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Perth Hub, being the first phase of the Perth City Link project, is a mixed-use development adjacent to the Perth Arena representing Lots 2 and 3A of the Perth City Link project, featuring 314 residential apartments with total expected GDV of HK$919 million and approximately 260 hotel rooms to be operated by Dorsett. As at 31 March 2021, the Group has presold HK$564 million worth of units. The project is expected to be completed in FY2022.


The Ritz-Carlton, Perth

Having been selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link projects in May 2017, which is a continuation of the development stemming from Perth Hub, the Group has secured these land plots in FY2019. These three lots are planned to a range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is currently under planning stage.

Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and CTF, entered into development agreements with the Queensland State, Australia for the delivery of the QWB located in Brisbane. The QWB Project comprises:

(i) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of approximately AUD300 million. Payments are made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of FY2024; and

(ii) the residential component owned in the proportion of 50% by the Group and 50% by CTF.


Queen's Wharf, Brisbane

Together with the Group's portion of the land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group intends to fund from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, and envisages three residential towers, three world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development GFA of the QWB Project is expected to be approximately 380,000 sq. m. of which approximately 147,000 sq. m. relates to the residential component.

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The Group launched the highly awaited Queen's Wharf Residences (Tower 4) in FY2020. Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments with a total saleable floor area of approximately 506,000 sq. ft. and a GDV of HK$3.5 billion. Having launched in February 2020, the project received a strong response with GDV of HK$2.9 billion (attributable GDV of HK$1.5 billion) already presold as at 31 March 2021. Completion of the development is expected to be in FY2024.

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest.

The first tower of the development will feature a 313-room Dorsett hotel and 422 residential apartments with a total saleable floor area of approximately 332,000 sq. ft. and a GDV of HK$1.6 billion. Total presold value of HK$1.4 billion (attributable GDV of HK$473 million) was recorded as at 31 March 2021 and the completion of the first tower of the development is expected to take place in FY2023.

The Star Residences, Gold Coast

Following the successful launch of the first tower, planning approval has been granted for the other four towers of the development. Epsilon, which is the second tower of the development, will feature a 201-room five-star hotel and 457 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a GDV of HK$1.9 billion. Presales was launched with positive responses in May 2019, with a total presold value of HK$1.2 billion (attributable GDV of HK$397 million) being presold as at 31 March 2021. Completion of the development is expected in FY2024.

In addition, the strategic alliance agreement that was entered into with The Star and CTF in March 2018 stipulated that the parties will join forces on the delivery of certain nominated developments including the potential re-development of The Spit Precinct in Gold Coast. The realization of these potential developments will undoubtedly add to the Group's development pipeline in the city and will benefit the Group through its investment in The Star.

The Star, Sydney

Sydney

In October 2020, the Group partnered with The Star to acquire a site in Pyrmont, Sydney, located next to the existing site where The Star operates its casino in Sydney. The intention is to co-develop a mixed-use tower. This project will grow its current footprint in Sydney.

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses. The two phases of the development, namely King's Manor and Royal Crest II, continued to make a contribution to the Group's revenue and profit with HK$300 million of GDV being delivered in FY2021.

Situated at the riverside with a large portion of greenery and designed in modern art deco style, Royal Riverside in Guangzhou is a 5-tower residential development comprising 607 apartments. The entire development has been completed with a total of 544 apartments already sold and delivered for approximately HK$2.0 billion of GDV as at 31 March 2021. In FY2021, 112 apartments were sold for a recognized value of HK$479 million. The project, with a higher-than-usual gross profit margin, is expected to contribute to the Group's performance in the coming year.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through the acquisition of re-development sites, participating in government tenders and bidding for projects with the Urban Renewal Authority.

Located in a prime location in the center of Tai Wai and at the meeting point of two MTR lines, The Garrison is a residential development which the Group acquired through a government tender. This development comprises of 118 residential units totaling approximately 29,000 sq. ft. in saleable floor area and a GDV of HK$674 million with a commercial component of approximately 5,600 sq. ft. in GFA. Completed in FY2020, the project was virtually sold out and handed-over to buyers as at 31 March 2021, representing 99% of total GDV. The last unit was sold and will be delivered in 1H FY2022.

Mount Arcadia, Hong Kong

Marin Point is a residential development at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in the saleable floor area. Cumulative GDV of about HK$495 million having been sold and delivered as at 31 March 2021, representing 46% of the total GDV, and the remaining units will be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in the saleable floor area and GDV of HK$641 million. All units are to be sold on a completed basis.

The Group also acquired through a government tender a residential development site at Tai Po Road, Mount Arcadia. Comprising over 62 apartments and 4 houses, the project has a saleable floor area of approximately 84,000 sq. ft. and a GDV of HK$1.7 billion. Presales permit has been launched in June 2021.

Dorsett Place Waterfront Subang, Subang Jaya

Malaysia

Dorsett Place Waterfront Subang is a joint development between the Group and Malaysia Land Properties Sdn. Bhd. The Group has a 50% interest in this development. The project is next to the Group's renowned 5-star hotel, Dorsett Grand Subang. Consisting of three blocks, the development will offer 1,989 fully-serviced suites. Presales of the development project was launched in September 2019 with HK$255 million of total GDV having been presold as at 31 March 2021. Completion of the development is expected in FY2023.

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in the total saleable floor area. The development was completed with a number of the remaining units converted into serviced apartments and managed by the Dorsett Group. The rest is to be sold on a completed basis.

United Kingdom

London

Aspen at Consort Place, London

Hornsey Town Hall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 146 apartments with a saleable floor area of approximately 108,000 sq. ft.. This development also has a commercial component of 35,800 sq. ft.. Presales for the residential component of this development was launched in FY2019 with GDV of about HK$343 million presold as at 31 March 2021. Completion of the development is expected in FY2022.

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 377,000 sq. ft. in saleable floor area consisting of approximately 495 private residential units, a hotel of approximately 230 rooms, affordable housing units and commercial space. The residential component of the project was launched with positive responses in late January 2020 and captured presales of HK$1.1 billion as at 31 March 2021. The completion of the development is expected to be in FY2025.

The Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. The 4,572 sq.m. site currently comprises an office building with a surface car park which will be demolished and replaced with a residential led mixed-use development. The project is still under planning.

In February 2020, a memorandum of understanding was signed to redevelop a site owned by Sainsbury's. Currently, due diligence is ongoing. The project will be a residential development project with retail components including a flagship Sainsbury's supermarket.

Manchester

Victoria North is a mega-scale development project in Manchester which spans across an area of more than 390 acres (equivalent to 17 million sq. ft.), sweeping north from Victoria Station and taking in the neighborhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city center to expand and providing the optimal mix of high-quality housing. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

Victoria Riverside, Manchester

The SRF of the Victoria North development was approved by the MCC in February 2019. The SRF provides an illustrative masterplan in order to guide development proposals within Victoria North. It will be used to guide and co-ordinate development brought forward by the joint venture formed between the Group and MCC, to deliver a series of vibrant, sustainable and integrated residential neighborhoods within the extended city center of Manchester.

Since the Group entered into a development agreement with MCC in April 2017, the Group has acquired various land plots within the Victoria North area which will be developed into individual projects as the overall masterplan pans out. On July 2019, the Group has further acquired 20 acres of land from Network Rail in central Manchester to progress its delivery of the Victoria North and expected to offer over 1,500 new homes including the first elements of the River City Park at St Catherine's Wood, which will link from Angel Meadow out to the North of Manchester.

The Victoria North project is expected to provide the Group with a significant and long-term pipeline within the United Kingdom. As at 31 March 2021, the Group has already secured land plots within the Victoria North area providing a pipeline with a saleable floor area of more than 3 million sq. ft. which is expected to deliver approximately 4,500 new homes over the next 5 years.

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city and is sitting on the doorstep of the Group's Victoria North development. The development will feature 4 towers comprising more than 744 apartments with approximately 557,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs in the city. 3 Plots are currently under presales; Plot 2 and 3, with a total saleable area of approximately 220,000 sq. ft. and GDV of HK$985 million, were launched for presales with GDV of HK$585 million having been presold as at 31 March 2021. Plot 5 with a total saleable area of approximately 99,000 sq. ft. and GDV of HK$427 million was launched in March 2019 for presales with approximately 99% of units having been presold as at 31 March 2021. Construction work is progressing smoothly and Plots 2, 3 and 5 are scheduled for completion in FY2022.

New Cross Central is one of the initial sites acquired from MCC as part of the development agreement for the Victoria North. The development, located within New Cross at the northern edge of the Manchester city center, comprising 80 residential units with a saleable floor area of approximately 62,000 sq. ft. and a GDV of HK$269 million, was launched in April 2020 for presales with GDV of HK$173 million having been presold as at 31 March 2021. Construction work is progressing smoothly and the project is scheduled for completion in FY2023.

Victoria Riverside is located within the Victoria North masterplan area in close proximity to major transport links including Victoria Station and Manchester city center. It is a key gateway into the Victoria North masterplan area, expanding the city center northwards from MeadowSide. It will be predominately residential development incorporating high-quality public realm, commercial and leisure use and a landmark building. The development features three towers comprising more than 634 units with approximately 458,000 sq.ft. of saleable floor area. Presales of the development was launched in late March 2021 and already captured presales value of HK$47 million as at 31 March 2021. Completion of the development is expected to be in FY2023.

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 409,000 sq. ft. in a saleable floor area and is owned by a joint venture in which the Group has a 70% interest. The project was completed with all units presold and delivered as at 31 March 2021.

Hyll on Holland, Singapore

Hyll on Holland is premium residential development sites at Holland Road. Completion of the acquisition of both sites took place in FY2019. The two adjacent sites are amalgamated and redeveloped into a residential development with an attributable saleable floor area of approximately 192,000 sq. ft., in which the Group accounts for 80% interest. Presales of the development was launched in FY2021 with attributable GDV HK$63 million presold, as at 31 March 2021, and expected to be completed in FY2024.

The development located at Cuscaden Reserve is a residential development site at the prime District 9 of Singapore. The development is expected to provide approximately 16,000 sq. ft. in attributable saleable floor area. The Group has a 10% interest in the joint venture which is undertaking the development. Presales of the development was launched in FY2020 with completion of the development expected to be in FY2024.

2. Hotel operations and management

Dorsett Wan Chai, Hong Kong

The Group owns and operates its hotel portfolio through three distinct lines of business, with focus on the three to four-star hotel segment. These include Dorsett Hotels and Resorts, featuring the upscale "Dorsett Grand" and the mid-scale "Dorsett", the value-led "Silka" branded hotels, and the "d.Collection" which features boutique hotels with unique identities. The Group's hotels under these three lines of business are collectively referred to as the "Dorsett Group" with a combined 6,507 rooms in 11 cities over in Hong Kong, Malaysia, Mainland China, Singapore and the UK.

As at 31 March 2021, the Group owned and operated 31 hotels and owned 13 hotels in the development pipeline. These included the wholly-owned Dorsett Group, TWC and the Ritz-Carlton hotel in Perth as well as the partially-owned Sheraton Grand Mirage and Oakwood Premier AMTD. The 31 hotels represent approximately 8,100 rooms in total, spreading over Hong Kong, Mainland China, Singapore, Malaysia, Australia, the UK and Continental Europe. Moreover, the Group also manages 3 other hotels in Malaysia with approximately 830 rooms.

In early 2020, hospitality, including hotels, was one of the first industries affected by the pandemic after travel was forced to a virtual halt, and it may be one of the last to recover. Many challenges remain for the industry in the coming years, including the resurgence of COVID-19, new strains of the coronavirus, and a slow vaccine rollout. Therefore, we anticipate travel to return to pre-COVID-19 level by 2022-2023, depending on the locations.

Despite this being one of the most difficult operating years, we have a highly motivated and decicated team and associates who show the true meaning of passion and loyalty and help the Group consistently living up to its unique brand proposition by offering excellent service to our guests. Being well prepared to operate in the "new normal" post COVID-19, some of our hotels have already implemented artificial intelligence cleaning and delivery robots in response to the trend of growing demand for hotel hygiene and safety measures.

In the long run, the Group strives to create shareholder value by investing in new hotels through ownership and management and improving our existing assets through the long-term appreciation in capital value, as well as from the increasing operating yield of our hotel properties. Despite delays in constructions due to the pandemic, we continue to make progress with the development of our hotel projects in Hong Kong, Australia and London.

The overview of Dorsett Kai Tak, Hong Kong

The Group's first Dorsett Hotel in Australia, Dorsett Gold Coast, is expected to open at the end of 2021, which will then be followed by Dorsett Perth, Dorsett Melbourne and Dorsett Brisbane as well as three new properties in London and Dorsett Kai Tak which will be the Group's new flagship hotel in Hong Kong in the next few years. We also target to open Ritz-Carlton Melbourne in early 2022, which will be our second Ritz-Carlton hotels in Australia, in addition to Ritz-Carlton Perth.

The following table summarizes the operating performance of the Group's owned hotels by region for FY2021 and FY2020 in local currency ("LC") and Hong Kong dollars ("HK$").

	Occupancy Rate		Average room rate		RevPAR		Revenue (million)	
	FY2021	FY2020	**FY2021**	FY2020	**FY2021**	FY2020	**FY2021**	FY2020
Hong Kong (HK$)	**75.5%**	70.8%	**533**	578	**402**	409	**469**	472
Malaysia (MYR)	**37.4%**	65.6%	**160**	197	**60**	129	**44**	102
Mainland China (RMB)	**43.6%**	55.7%	**273**	389	**119**	217	**97**	166
Singapore (SGD) [i]	**75.3%**	76.0%	**138**	174	**104**	133	**10**	15
United Kingdom (GBP)	**12.9%**	74.3%	**68**	129	**9**	96	**3**	24
Australia (AUD) [ii][iii]	**39.2%**	61.0%	**410**	354	**161**	216	**20**	11
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$ million)**	(HK$ million)
Dorsett Group Total [iv]	**54.6%**	**67.0%**	**513**	**607**	**280**	**406**	**860**	**1,224**
TWC Hotel Group	**17.4%**	**58.8%**	**607**	**634**	**106**	**373**	**29**	**121**

Notes:

(i) Excludes Oakwood Premier AMTD Singapore which is equity accounted.

(ii) Excludes Sheraton Grand Mirage which is equity accounted.

(iii) FY2020 amounts represent results of Ritz-Carlton Perth for the period from 19 November 2019 to 31 March 2020.

(iv) Excludes TWC Group but includes Ritz-Carlton Perth.

FY2021 was another difficult year for the Group and none of us could have envisaged that the impact of the COVID-19 would be so severe, prolonged and widespread. The global tourism industry has been devastated with a loss of almost US$4.5 trillion, and nearly 62 million jobs lost in 2020, which represents a drop of 18.5% to leave just 272 million employed across the industry globally, according to the World Travel and Tourism Council ("WTTC"). Although we believe that demand for hotels will return once the global economy recovers, we expect that global travel restrictions, quarantine and safety concerns will continue to deter people from travelling in the foreseeable future and that a full recovery will take several years.

In order to mitigate the continuing negative impact of COVID-19, the Group has implemented a widespread range of cost saving and financial management measures, as well as identified new business opportunities (e.g. self or government mandated quarantine guests, government and healthcare worker contracts), safeguarded our associates and given back to the society. As of 31 March 2021, we have looked after over 4,000 healthcare personnel and frontliners as well as over 130,000 quarantine guests in our hotels globally. On the operations side, we enhanced and strengthened our stringent hygiene and safety protocols, with our number one priority being the safety of our guests and associates. The pandemic has only reaffirmed the importance of our core values. Social responsibility has always been and will continue to be deeply integrated in our Group, which also aligns with each one of our associates' own personal values.

Thanks to our global colleagues who have fully embraced our commitment to preventing the spread of COVID-19 in the local community by providing accommodation, preparing meals and other forms of support, the Group's total revenue for the hotel operations and management was approximately HK$889 million for FY2021, representing a 33.9% decrease compared with FY2020. In terms of the operating performance of the Dorsett Group, OCC decreased by 12.4 percentage points to 54.6% and ARR dropped 15.5% to HK$513 per night. As a result, RevPAR experienced a decline of 31.0% to HK$280.

Hong Kong

Dorsett Wan Chai, Hong Kong

The situation for the hospitality industry was challenging in our home market Hong Kong, which had already suffered from social unrest and mass protests in 2019 and early 2020. Due to the pandemic, borders have been closed to non-residents since March 2020, leading to a drop of 95% in tourist arrivals of both general visitors and overnight visitors in 2020.

We were the first to proactively support our community by welcoming medical staff and returning Hong Kong residents with quarantine requirements to our hotels as well as working from January 2020 with local charity Harmony House to provide accommodation for families suffering from domestic abuse. And thanks to the joint efforts of our colleagues, all of our Hong Kong hotels' OCC and RevPAR have outperformed our competitor sets in spite of these challenging situations during FY2021.

Dorsett Tsuen Wan, our largest hotel in Hong Kong with 546 rooms, was selected by the Hong Kong government as a holding center for flight arrivals in Hong Kong for 2 months starting from 17 August 2020. Silka Seaview, Silka Tsuen Wan and Dorsett Kwun Tong were selected by the Hong Kong government as close contact quarantine centers in December 2020. While Silka Tsuen Wan and Dorsett Kwun Tung remain as close contact quarantine centers, Silka Seaview and our 5 other hotels in Hong Kong were selected by Hong Kong government as designated hotels to take care of guests with government mandatory quarantine requirements. Cosmo Hotel was under contract to accommodate medical staff during FY2021.

As a result, total revenue for Hong Kong hotel operations were maintained at approximately the same level as FY2020, contributing approximately HK$469 million which accounted for approximately 52.7% of the Group's hotel revenue. OCC in Hong Kong increased 4.7 percentage points to 75.5% and ARR decreased by 7.8% to HK$533 as compared with the same period last year, resulting in a slight decrease of 1.7% in RevPAR to HK$402. In FY2021, 4 out of a total of 9 hotels in Hong Kong, namely, Dorsett Kwun Tong, Dorsett Tsuen Wan, Silka Seaview and Silka Tsuen Wan have experienced a growth in OCC, ARR and RevPAR compared with FY2020.

Malaysia

In Malaysia, all of the Group's hotels were ordered to close under the local government's instruction on 18 March 2020 except Dorsett Grand Labuan which remained open due to its remote location. Since early April 2020, Dorsett Grand Subang reopened to support the local government and to receive quarantine guests. Our other hotels in Malaysia reopened subsequently in late April 2020 except J-Hotel and Silka Johor Bahru which remained closed during FY2021.

Dorsett Grand Subang reopened to support the local government and to receive quarantine guests.

Our hotel business started picking up from early June 2020 with the ease of COVID-19 situation and all our Malaysia hotels have outperformed our competitors in terms of OCC, ADR and RevPAR. However, our business was hit again due to the second lockdown by the Malaysia government in December 2020 and hotels were allowed to open with strict standard operating procedures without interstate/inter-district travelers. Most recently, our hotels were impacted by another wave of COVID-19 and the Malaysian government announced the third lockdown in May 2021.

As a result, total revenue from our hotel operations for FY2021 was approximately MYR44 million, which is 56.9% below the levels of the FY2020 with J-Hotel under temporary closure during FY2021. ARR dropped by 18.8% to MYR160 and OCC decreased to 37.4%, resulting in a 53.5% decrease of RevPAR to MYR60.

Mainland China

Dorsett Wuhan was selected by the government to host over 150 medical staff from Yunan Province

The Group's hotel business in Mainland China first felt the effect of COVID-19 in late January 2020 and started to show signs of recovery starting in June 2020, in line with the overall hotel market in Mainland China. During FY2021, OCC in our hotels decreased 12.1 percentage points year-on-year and ARR dropped 29.8% to RMB273, resulting in our RevPAR recording a decline of 45.2% year-on-year to RMB119. Total revenue also recording a decline of 41.6% to RMB97 million mainly due to the lack of international travelers.

Dorsett Wuhan which is located in one of the worst-hit cities in the early stage of the pandemic, reopened to the general public on 8 April 2020 after being selected by the government to host over 150 medical staff from other provinces during its closure period from January to April 2020. Further, Dorsett Grand Chengdu contributed its full inventory of 556 rooms to the local government as a quarantine center to take care of returning Chinese residents from December 2020 to March 2021. Our other hotels in Mainland China took their own marketing initiatives to attract domestic business and leisure travelers which has been the largest revenue driver. Despite the general economic uncertainty, the sale of local staycation packages, events/meeting packages and prepaid vouchers has been quite satisfactory.

Singapore


Dorsett Singapore

Dorsett Singapore, a 285-room hotel in downtown Singapore, has been selected as one of the government facilities to accommodate quarantine guests, thereby contributing its full room inventory to serve the local community from April to December 2020. In FY2021, total revenue of Dorsett Singapore dropped by approximately 33.3% to SGD10 million, mainly due to the 20.7% decline in ARR. RevPAR also decreased by 21.8% to SGD104 while OCC remained stable at 75.3%. Dorsett Singapore has entered into a new government contract to serve as close contact quarantine center starting from May 2021 until further notice from the Singapore government.

UK

Both hotels in London provided accommodation for healthcare staff (NHS)

In 2020, the UK witnessed millions of COVID-19 cases, several hundred thousand deaths and significant economic impact due to the COVID-19.

Both hotels in London remained open during most of FY2021, per government regulations to support essential workers including medical staff from the National Health Service, policemen from City of London and guests who were not able to cross the border. With several rounds of outbreaks and lockdowns, we reluctantly closed both hotels in January 2021 in order to balance our cost saving efforts and the welfare of our associates. In FY2021, total revenue decreased significantly by 87.5% to GBP3 million, with a 61.4 percentage points decrease in OCC to 12.9% and a 47.3% decrease in ARR to GBP68. We still managed to achieve gross operating profit breakeven, due to significant efforts to contain costs.

Australia

The Ritz-Carlton, Perth

Since late March 2020, the Western Australian state government has imposed travel restrictions, state and international border shutdowns and quarantine requirements which have affected the hotel and tourism industry significantly. Being the only Ritz-Carlton branded luxury hotel in Australia, the Ritz-Carlton Perth hotel has implemented Marriott's best practice of COVID-19 measures and remained open in line with all Marriott branded hotels in Australia during FY2021.

The interstate borders have reopened subsequently from April 2020 with Phase 3 & 4 Government Relaxation based on the COVID-19 situation recovery. Since then, our hotel has witnessed a rapid growth month over month with leadership position in the local market in both room and food and beverage segments, due to the launch of successful staycations offers and marketing promotions to attract domestic travelers, despite the interstate borders closures continuing to be on and off throughout FY2021. As a result, our hotel recorded a total revenue of AUD20 million, an increase of 81.8%, with a 15.8% increase of ARR to AUD410, which is offset by a decrease of 21.8 percentage points in OCC to 39.2%, as compared with FY2020.

Europe – TWC Group

Lobby, Trans World Hotel Donauwelle, Austria

In Continental Europe, our hotels in the Czech Republic, Germany and Austria were ordered to close by the local governments in mid-March 2020 and 4 hotels in Germany and Austria resumed business progressively starting in late April 2020 to serve corporate guests and small meeting guests while 1 hotel in the Czech Republic reopened in late June 2020.

During the border closures, 4 hotels in Germany and Austria were on the short list to host health workers and non-COVID-19 patients under government instructions. In August 2020, we started to see some pickup from the domestic markets and all of our hotels in Germany and the Czech Republic were performing better than their same periods last year due to the intra-city travel bubbles and internal cost saving measures. However, Continental Europe was impacted by another wave of COVID-19 from early September 2020 and in order to safeguard our associates and balance our cost saving efforts, we decided to close all 5 hotels in Continental Europe in December 2020 and only reopen to serve essential guests when needed. We reopened all hotels in Continental Europe in May 2021.

As a result, total revenue of TWC Hotel Group dropped by 76.3% to HK$29 million in FY2021, with overall OCC decreased by 41.4 percentage points to 17.4% and ARR decreased by 4.3% to HK$607.

3. Car park operations and facilities management

Central monitoring system, Care Assist

The Group's car park operations and facilities management business include car park operations operated under the brand "Care Park". The Group's portfolio of car parking bays owned or under management amounted to approximately 114,821 car parking bays as at 31 March 2021. Of the Group's 423 car parks, 36 were self-owned car parks comprising approximately 10,987 car parking bays, with the remaining 103,834 car parking bays in Australia, New Zealand, the UK, Hungary and Malaysia under management contracts entered into with third party car park owners.

In FY2021, our car park operations were disrupted due to the COVID-19 outbreak with many countries closing their borders to inter-state or international travelers and restricted movements of their citizens with a view to containing the pandemic. Some of the Group's self-owned/managed car parks located around airports, hotels, shopping malls and office buildings were severely affected due to the lockdown measures and restrictions imposed. The Group has been actively reviewing all lease commitments and reducing rental obligations on unprofitable contracts and impacted leases and took various cost control measures across all business locations such as standing down of workforces and reducing employee overheads to mitigate the negative impacts of the COVID-19.

Apart from the above cost control measures, the Australian government has passed a code that entitles tenants (i.e. such as Care Park) to negotiate with each landlord to adjust down the lease payments proportionally to the decline in revenue as a result of the COVID-19. The Group is also expected to benefit from government compensation programmes such as in Australia, where the government has offered a wage subsidy to eligible employers. The aforementioned cost control initiatives and government support has helped to minimize the pressure on the Group's cash flow.

Whilst the Group's car park operations were heavily impacted, COVID-19 has created a number of opportunities for growth. Many public entities (e.g. cities, airports, schools, hospitals) are now under cash pressure and are seeking opportunities to enter into long-term concessions with car park operators such as Care Park. The Group is actively reviewing growth opportunities in all the cities where it operates but primarily in Australia and the UK.

4. Gaming operations and management

Route 59 Casino, Czech Republic

Europe

TWC owns and operates a portfolio of 3 casinos in the Czech Republic. All the casinos of TWC feature gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will continue to endeavor to introduce more Asian customers living in the region to TWC's properties to supplement the Group's hospitality offerings geographically.

Revenue from TWC's gaming operations in FY2021 was HK$88 million (net of gaming tax), decreasing significantly by 67.6% from HK$271 million in FY2020, mainly due to the temporary closure of casinos ordered by the local government to contain the spread of the COVID-19 since March 2020. The operations of 3 casinos were either completely closed or allowed only to operate with restrictions such as social distancing and limited opening hours. However, in response to this situation, TWC realized significant cost saving initiatives such as staff reduction and various contract renegotiations and cancellations. Coupled with the state support programs from the local governments in all three countries where TWC operates, the performance of TWC in FY2021 delivered a positive EBITDA level. Following the reopening in May 2021, the business experienced a sharp rebound and the Group believes the casinos will continue to generate positive results.

The following tables set forth certain operating data of TWC's casinos for the period ended 31 March 2021:

	As at 31 March 2021	As at 31 March 2020
Number of slot machines	**442**	543
Number of tables	**65**	59

	FY2021	FY2020
Table game revenue[i] (HK$ million)	**21**	58
Slots revenue[i] (HK$ million)	**55**	140
Average table game win rate[ii]	**20.1%**	20%
Average slot win per machine per day (HK$)	**1,063**	1,087

Notes:

(i) Net of gaming tax.

(ii) Table game win rate is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table.

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and took a 4.99% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, the Gold Coast and Brisbane.

The Star, Sydney

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

(i) strengthening the Group's relationship with The Star;

(ii) forging a partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia;

(iii) allowing the Group to increase its exposure to the QWB project and benefit from The Star's future growth; and

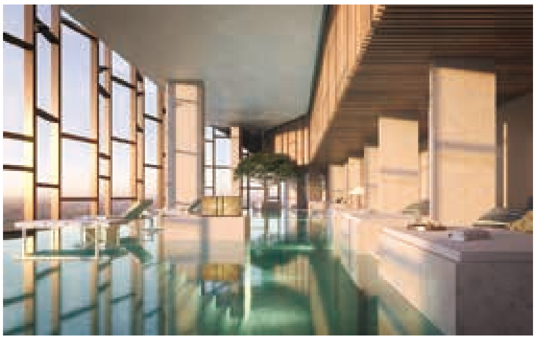
(iv) benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group.

The Group owns 25% of the integrated resort under construction in Brisbane. Together with The Star and CTF, the Group is building three world-class hotels, high-end gaming facilities with VIP rooms, F&B outlets and more than 6,000 sq.m. of retail and eatery space that will be operated by DFS Group, a leading operator of retail space globally.

During FY2021, with regards to the announcement made by The Star concerning the suspension of the final dividend payout, the Group received nil dividend from The Star shares.

5. Provision of mortgage services

As an extension of our property development business, the Group established a mortgage lending platform under BCG which specializes in the provision of residential mortgages to non-resident buyers of international properties. BCG is highly synergistic to the Group's property development business and offers significant growth potential beyond the existing property development business of the Group. Indeed, less than 4% of the loans extended to non-resident buyers were used to purchase residential properties of the Group.



Swimming Pool, West Side Place, Melbourne

Loan and advances reached AUD1.2 billion as at 31 March 2021, an increase of about 19.4% from 31 March 2020. BCG has strict lending rules, a very diversified portfolio and a prudent loan-to-value ratio of 59.6% on average as at 31 March 2021. Net interest margin expanded to 2.32% as at 31 March 2021 (compared with 2.07% as at 31 March 2020). BCG has continued to broaden its source of financing and is in active discussion with institutional investors and international banks to secure additional funding. Whilst most of the capital is provided by third-parties, the Group has committed AUD75 million and GBP14 million of funding and provided AUD39 million and GBP14 million of funding as at 31 March 2021 which is classified as investment securities.

In FY2021, BCG extended its mortgage lending platform to the UK where it sees the strong potential and explosive growth in the demand for residential mortgages from non-residents. Following the extension of its footprint to the UK, BCG is exploring building on asset management business to grow and diversify its business model further, along with the vision to extend the lending business not only to residential properties but to other asset classes.

BCG is reviewing a number of new and promising markets where it can expand its service offerings. It is also reviewing a number of potential acquisitions to increase its products and services and bulk-up in size. The Group remains committed to growing the BCG business and expects contribution from the business to increase over time.

CONTINGENT LIABILITY

During the year, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. At this juncture, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.


Ensign House, London

OUTLOOK

The global economic uncertainties arising from the outbreak of COVID-19 are expected to remain and put pressure on the Group's operations across the regions it operates. In FY2021, the Group took the following measures to recalibrate its operations to ensure long-term sustainability:

- Adjusted the level of its workforce, in particular in the hospitality segment which was affected most due to a reduction of tourist and business travel;
- Reviewed all of its overheads with a view of reducing administrative costs;
- Repositioned all assets where possible, monetised assets if attractive offers were made; and
- Delayed certain capital expenditure to preserve cash and maintain liquidity.

The Group remains alert to the global economic uncertainty and will take further mitigation measures where necessary. The Group will also take a cautious approach but will seek investment opportunities to grow its operations and leverage its diversified portfolio of businesses to take advantage of a rebound in business activity during the recovery phase. In particular, the Group is focused on replenishing its land bank and growing its car park and mortgage lending business. At the same time, the Group will continue to explore opportunities to monetize assets in its portfolio. Over the years, the Group has developed many assets that have grown in value and which could be sold to crystalize gains, with the capital redeployed in projects delivering higher returns on capital.

As at 31 March 2021, the cumulative presales value of the Group was approximately HK$13.8 billion and the current development pipeline and completed development was approximately HK$55.6 billion which provides clear visibility of the Group's future revenues. The Group will selectively add to its development pipeline by allocating resources to regions where the Group sees long-term growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

During FY2021, the Group has successfully repositioned certain hotel assets to long stay guests, healthcare staff and launched relevant accommodation packages to target the returnees required to undergo self-quarantine. Thanks to the abovementioned strategies, the Group's hotels managed to be profitable in FY2021. Looking ahead, with the implementation of travel bubbles with neighboring countries and the relaxation of social distancing measures, it is expected that the market sentiment of the Hong Kong hotel industry will be on the road to recovering further. In addition, the hotel industry in Mainland China is showing an encouraging pick-up with domestic inter-provincial travel growing after being hard-hit in early 2020.

The Group's hotel business continues to expand with 13 new hotels under development and with the opening of the Ritz-Carlton in Melbourne and the extension of Dorsett Shepherds Bush hotel in 2H FY2022 marking the next growth phase of the Group. In the meantime, the Group remains cautiously optimistic about the long-term future and is well prepared for the rebound in leisure and business travel as soon as the restrictions imposed across the globe start to ease.

The development of the integrated resort in QWB will be another landmark achievement of the Group with a giant retailer – DFS Group – signed up and announced to anchor its T Galleria Emporium in the luxury retail shopping precinct in line with the staged opening of QWB from late 2022.

BCG continues to grow strongly in Australia and has recently expanded to the UK. BCG has the capital needed to take advantage of organic growth opportunities as well as acquisitions. We expect the next few years to deliver strong growth to the business.

The Group maintains a solid and healthy liquidity position of approximately HK$8.6 billion with available undrawn credit facilities of HK$5.2 billion and a number of unencumbered hotel assets with the value of HK$3.8 billion as at 31 March 2021. The Group continues to manage its financial position in a prudent and disciplined manner, whilst ensuring that its capital is employed productively.

In conclusion, thanks to our diversified portfolio and solid foundation, the Group has managed to remain profitable and is confident to be able to navigate successfully the current global economic headwinds and to deliver a sustainable and attractive return to all its stakeholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had approximately 3,500 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.

The extension of Dorsett Shepherds Bush, London